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foreign trade

NADA

INDIA, PAKISTAN, CEYLON—A BUSINESS SURVEY

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cover The Indian ploughman at work on his fields near Delhi typifies the important place that agriculture occupies in the three countries reviewed in this issue. In each, food imports take a large share of the hard-pressed foreign exchange budget and impede the industrialization program. For details on this and other problems in this sector of Asia, please turn to pages two to ten.

CANADA

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business conditions today in Ceylon, Pakistan and

India

Decisive steps taken to deal with decline in exchange reserves, severe food shortage, and other problems seem to be effective. Tight import restrictions will probably continue through '58, and limit dollar purchases to raw materials and other essential goods.

B. A. MACDONALD,
Commercial Counsellor, New Delhi.

THE general business and economic outlook in India has improved during the first quarter of 1958, but there is no facile optimism. The serious problems facing the country are fully realized and they are widely and openly discussed. But the pessimism that emerged early in 1957 and seemed to spread and deepen as the year progressed has lifted noticeably.

The past year was perhaps the most critical since independence. Early in its course, unmistakable evidence emerged that those critics who had predicted that the Second Five Year Plan was beyond both the internal and external resources of the country were in some respects right. The danger of inflation developed. The foreign exchange decline accelerated. The heavy new taxes imposed between March and May alarmed and depressed private enterprise. Severe import licensing restrictions created difficulties for import firms and discouraged their suppliers abroad, including many in Canada. Congestion in the main ports caused expensive delays to ships and cargoes and, through heavy demurrage charges, increased the cost of implementing many of the Plan projects in both the private and the public sectors.

When the foreign exchange reserves fell to Rs.300 crores ($600 million) at the end of 1957, this figure was less than, in the past, experts considered a minimum reserve. High point reached in the post partition period was Rs.1,516 crores ($3.0 billion). Lessened world demand or softening price trends for certain main exports such as tea and jute, and restrictions on the export of peanuts to protect domestic food supplies, contributed to this foreign exchange decline.

And finally, it became clear by early autumn that the country faced a severe food shortage that might result in famine over wide areas. This added to the inflationary trend in prices, especially of foodgrains, and contributed to labour unrest accompanied by demands for higher wages and increased "dearness allowances". The year closed in an atmosphere of gloom. But almost immediately after the New Year this began to lift, as the corrective measures which the Government had taken began to show results.

Corrective Measures Taken

The Government had begun to apply these measures early in the year. Many had to be set in motion quickly and vigorously and they undoubtedly caused much business hardship. They were understandably unpopular. But it is difficult to see what other course could have been followed in the circumstances, and given the immensity of the problems which India faces.

Imports were cut back severely, although all possible efforts were made to ensure that essential industries, especially those producing for the Plan, received necessary equipment and raw materials.

The 1957/58 budget brought down in March and a supplementary budget in May introduced new and heavier direct and indirect taxes in order to mobilize

our annual review by trade commissioners on location in New Delhi, Karachi and Colombo

Farmers in the Terai area of India bring their grain to nearby mills; here the flour is being weighed. With technical assistance from two United Nations agencies, their land has been freed from the scourge of malaria and production of rice and other foodgrains has mounted.

maximum internal resources for the Plan. These included the so-called "Wealth" and "Expenditure" taxes, a new pattern of income tax (which, while giving slight relief to the small taxpayer, greatly increased the liability of the higher-income groups), and excise duties on 13 groups of essential commodities (e.g., cotton cloth). In addition, postal rates and passenger fares on the government-owned railways were increased.

Foreign Financial Aid Sought

Mr. T. T. Krishnamachari, the then Minister for Finance, accompanied by Mr. H. M. Patel, principal secretary of the Finance Ministry, visited a number of foreign countries, including Britain, the United States, Canada, France and West Germany, to discuss India's problems. Prime Minister Nehru visited Japan and had similar discussions. In every case, the foreign country approached reacted favourably. Important financial aid in one form or another (outright grant, loan or guaranteed credit) has been definitely arranged or is expected to be arranged shortly with each of the countries mentioned.

Plan Rephased

Steps were also taken to review the Second Five Year Plan and it is understood that henceforth the following order of priority will be observed in the allocation of available funds and other resources:

• One, projects which have already reached an advanced stage.

• Two, projects making up the basic "core" of the Plan—i.e., railway development and extension (including additional rolling stock and maintenance, doubling and extension of track), major steel plants, improvements to major ports (Bombay, Calcutta, Vishakhapatnam) and the development of minor ports (Kandla and Cochin), coal and power.

• Three, other projects only where special external assistance is obtainable in the form of private foreign investment or long-term payment terms.

Indian Industrial Delegation

The visit abroad in the autumn of the group of private Indian businessmen, consisting of representatives of the Federation of Indian Chambers of Commerce and Industry, seems also to have had a double benefit. It focussed the attention of financial and industrial leaders in the countries visited (Britain, the United States, Canada, France and West Germany) not only on the problems of but also the opportunities in India. It also served to bring home to the delegation, and through it to the Indian Government and people, some of the things which might deter private foreign capital from entering India.

Food Situation Eased

As the year closed, the situation on the food front eased. The food deficit proved to be less severe than was at first predicted and the vigorous measures taken by the Government to halt the upward price movement and to obtain foodgrains from external sources—especially Canada and the United States—had a marked effect. By mid-February, the Food Minister was able to announce that a total of 1.6 million tons of foodgrains will have arrived by the end of June 1958.

Foreign Trade Problems

There are no complete figures yet on foreign trade for 1957, but it is probable that the trade balance improved somewhat, as might be expected from the severe restrictions imposed on imports.

At a meeting of the Export Advisory Council on February 9, 1958, Mr. Morarji Desai, Minister of Commerce and Industry, said that the main increases in exports in 1957 over 1956 took place in cotton

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piecegoods, manganese ore, tobacco, and hides and skins. Commodities, exports of which decreased, included cashew kernels, pepper, tea, lac, linseed oil and cotton waste.

The Minister expressed the opinion that the only long-term solution of Indian economic difficulties lay in her ability to produce and export more. He added that the prospects of expanding the sales of the traditional plantation crops, agricultural products, ores, minerals, jute goods and cotton goods, were "limited" and that "we shall have to look in future to the export of manufactured goods to overseas markets." He added the hope that Indian industry would put the sound effort behind the country's export drive that had been shown by industries in other countries in times of foreign exchange crisis.

The Minister's views on the prospect of expanding exports are not entirely shared by the exporting community, which is inclined to believe that for a long time to come India will have to depend on its traditional exports for higher foreign exchange earnings.

Future Import Policy

It will be some weeks before the policy for the next import licensing period (April/September inclusive) is officially announced. There is little doubt, however, that the present severe restrictions will be continued. At the last meeting of the Import Advisory Council held in New Delhi on February 9, the Minister, after referring to the foreign exchange position as "better but still serious", warned that there was no possibility in the near future of liberalizing the import of either consumer goods or of raw materials and that capital goods would have a priority even lower than that for raw materials.

He indicated, however, that every effort would be made to permit entry of needed raw materials because of the desirability of using existing installed capacity to the utmost. The Minister recommended greater participation by foreign firms as a means of financing new projects, intimating that financing by means of the "deferred payments system" had limited scope, because it involved mortgaging the future.

Protection of Established Import Firms

Both Mr. B. M. Chinai, President of the Federation of Indian Chambers of Commerce and Industry (who visited Canada in October 1957) and Mr. W. H. S. Michelmore, President of the Associated Chambers of Commerce (the British Chambers in India), urged that the interests of established importers should not be ignored. Mr. Michelmore in particular asked the Government to "accept as a fundamental principle" that the import of raw materials, capital equipment, and spares should be handled by established importers.

Although no Indian figures are yet available on the foreign trade of the past year, the DBS figures just received indicate that Canadian exports to India in 1957 were valued at $28.9 million as against $25.7 million in 1956 and $24.6 million in 1955.

The most important group of commodities, accounting for almost 40 per cent of total exports in 1957, was raw and partially-processed materials, such as dissolving pulp, newsprint paper, aluminum in primary and semi-fabricated forms, copper ingots, and ammonium sulphate. Drugs and chemicals, steel plates, automobile parts and gas engines accounted for another 10 per cent of our sales.

Imports of tea, unbleached cotton and jute fabrics constituted about 75 per cent of our total imports from India which reached $27.7 million for the first eleven months of 1957.

Exchange a Limiting Factor

The estimated $600 million foreign exchange availabilities at the close of 1957, and the foreign exchange reserve requirement of $400 million, are probably less than enough to cover imports for six months and four months respectively. Although these figures cannot be regarded with satisfaction, they have not caused any lack of confidence in the rupee. India has a high reputation for meeting her external obligations.

There have been suggestions from some economists[1] that the rupee should be devalued. (Its external value has remained unchanged at 1s. 6d., the rate at which it was fixed in 1927.) Their argument is that, while the external value has remained constant—in terms of the pound sterling at any rate—its internal value has declined appreciably. (Prices of some commodity groups are said to have declined 300 to 600 per cent from their prewar levels.)

This view has, however, little support. Devaluation would do little if anything to improve the foreign exchange situation, since price is not the main handicap to an increase in India's exports. Quality and design of Indian goods (e.g., carpets and handicrafts), trends in consumer habits in other countries (e.g., tea drinking), trends in industrial practices (e.g., bulk handling and/or paper bags in place of gunny sacks), and export availability (e.g., peanuts) are probably of equal or greater importance.

On the other hand, devaluation would increase the cost of imported capital goods and raw materials, thereby adding greatly to the cost of the Plan projects and making further inflation almost certain. •

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[1]Notably Dr. B. R. Shenoy at the 40th Annual Session of the All-India Economics Conference held in December 1957.

Pakistan

Large imports of foodgrains cut into foreign exchange reserves last year and import restrictions had to be continued. This limits Canadian opportunities, but sales to government under world-wide tenders still possible though competition is stiff.

HARRY J. HORNE, *Commercial Secretary, Karachi.*

AGRICULTURE is the barometer of Pakistan's economy. It accounts for nearly 60 per cent of Pakistan's national income and provides foodstuffs for its 80 million people. In addition, jute and cotton earn the largest amount of foreign exchange as well as supplying the domestic milling industry.

The depletion of foodgrain reserves in recent years, coupled with a short crop, again made heavy imports of wheat and rice necessary in 1957. This, added to the normal demand for imported fuels, industrial raw materials, capital goods and essential consumer goods, seriously affected the balance of payments. The situation was aggravated by a slight drop in exports for the year because of smaller shipments of jute and cotton.

Industrial Output Up

The restrictive import and exchange controls were not relaxed and there is no immediate improvement of prospects in sight. Development plans and projects are continuing to make significant progress and this cannot help but brighten the long-term prospects for increased Canadian trade.

In some respects the financial year 1956-57 was an improvement over the previous year. National income rose 6.5 per cent and per capita income 5 per cent to an estimated Rs.250 per year ($50 per capita). Industrial output expanded as production increased an estimated 15 per cent, even though installed capacity is not fully used because of the lack of raw materials caused by the foreign exchange shortage. The high level of expenditure on development projects, both in the public and private sector, resulted in an increase in the money supply and in bank credit of approximately 10 per cent each. This, coupled with a shortage of consumer goods, had a strong inflationary influence.

Pakistan's mineral resources have yet to be proved and exploited. A number of oil companies are carrying on oil exploration and although they have not yet discovered any oilfields of consequence, they have found natural gas in commercial quantities and it is being used.

Crop Prospects Good

Even though agriculture is Pakistan's mainstay, the country is not always self-sufficient in foodstuffs; serious shortfalls in wheat and rice have become an annual problem and probably will continue for some time. The chief causes of food shortages are large-scale floods, droughts or insect plagues; however, recurring natural calamities, at least in isolated areas, are almost inevitable and must be considered as "normal".

Pakistanis harvest jute, on which they depend for half their export income. Last year 6.5 million bales of 400 pounds each were harvested and 85 per cent went to foreign markets; Canada bought about $94,200 worth of jute and jute butts from Pakistan, plus a small quantity of jute fabrics.

One thing which can be and is being done is the reclamation of land out of cultivation or soon to be abandoned because of salinity and waterlogging. This calls for large-scale expenditures for deep tube wells and allied remedies. The acreage of irrigated land is being increased and flood control and farming methods improved. Both the smuggling of foodgrains out of the country and hoarding are being checked.

The 1957 rice crop in East Pakistan was estimated at nine million tons. The wheat harvest in West Pakistan, despite a record acreage planted, increased only slightly and is estimated at 3.5 million tons. The cash crops, jute and cotton, had a reasonably good year. The trade estimated jute production at 6.5 million bales (400 pounds each), about 15 per cent of which is consumed by local mills, and cotton production at 1.74 million 400-pound bales, of which domestic mills use 50 per cent. Despite a small increase in international prices, total exports declined slightly but domestic demand kept internal prices firm.

Agricultural prospects for 1958 so far have been favourable. The initial optimistic forecast of the wheat crop is four million tons. If this amount is harvested, it will reduce the urgent need for purchases abroad. Any such supplies or surplus from the crop could then be used to establish a badly needed food reserve, to help regularize marketing and smooth out the violent price fluctuations caused by hoarding and real or imagined shortages. Business conditions will improve if the crops are good, although the development program will probably absorb most of the savings that may be realized.

Aims of Five Year Plan

Pakistan, with its two significantly different wings a thousand miles apart, faces serious and unique economic problems. At partition, the areas which became Pakistan were principally agricultural and sadly lacking in industry of any sort. The immediate goals of the Five Year Plan are:

- To increase the processing of native raw materials (principally jute and cotton).
- To expand water and power development.
- To manufacture basic commodities such as cement, fertilizers and paper.
- To make use of fuel and mineral resources.
- To improve transportation and communications.
- To diversify production to include many of the goods which currently must be imported.

Last year the Five Year Plan was revised. It calls now for development totalling Rs.10,800 million ($2,160 million) for the five-year period ending 1960. It retains the above objectives but places greater emphasis on arriving at self-sufficiency in agriculture. Although the population is increasing by 1.5 per cent a year, social welfare projects form only a minor part of the program.

The Plan, which includes both private and government investment, will be financed by domestic savings, internal loans and foreign assistance. Although estimates are that about $800 million of foreign exchange will be spent, only a small part of this will be available for commercial business because foreign aid, which supplies the bulk of the foreign exchange, is in the form of goods, services and commodity aid. However, there are opportunities for Canadian consulting engineers in many fields and one such firm is working on a complete newsprint mill.

Canada's Colombo Contributions

Canada's allocations to Pakistan under the Colombo Plan have averaged $14 to $15 million a year and have covered, for the most part, the provision of engineering services and plants for power generation and transmission. The largest project is the Warsak Dam which, when it is completed in 1960, will provide initially 160 thousand kilowatts of power for industry and irrigate 100 thousand acres. Canada also assisted in building a cement plant with a capacity of 100 thousand tons a year, carried out an aerial survey of West Pakistan resources, provided three aircraft and trucks for locust control, supplied a quantity of railway ties for the rehabilitation of the railways, made available aluminum and copper for industry, and shipped quantities of wheat to help overcome foodgrain shortages caused by crop failures and floods. All of these have been of real assistance to the economy.

Pakistan has made spectacular progress in some fields but in others the amount of development required dwarfs the efforts of this new country. Even with substantial foreign aid, both financial and technical, it will take some time to create a "balanced" economy.

Import Policy Unchanged

Pakistan's austerity policy on imports has remained substantially unchanged for several years; import licences are granted only for essential goods—raw materials and replacement machinery for existing industry, capital equipment for new enterprises sanctioned by the Government, goods intended for development projects and absolutely essential consumer goods. Licences are granted to "categorized" importers—that is, those who were well established in a trade in the base period 1950-52. Although the licensing system as such does not discriminate against Canada, it does

make it difficult to find able, aggressive agents who have import licences not already committed. Industrial consumers get their allocations on the basis of need and importance. Such consumers usually prefer to deal directly with overseas suppliers and because, in many cases, they lack technically competent staff they tend to use familiar products from traditional suppliers. The presence in many industries of foreign technicians and managers (British, German and Japanese especially) works to the further disadvantage of Canadian exporters.

Nevertheless, Pakistan has made tremendous strides in industrialization in the past ten years and its industries now and in the future offer opportunities for Canadian exporters of iron and steel products, tools, spare parts for machinery and vehicles, chemicals, and plastic moulding compounds, among others.

Purchases by Government Agencies

The Government of Pakistan, through its general purchasing agency the Director General of Supply and Development (D.G.S & D), and through other agencies such as the Railways, Ministry of Defence, Ministry of Food and the Pakistan Industrial Development Corporation, buys most of its needs on world-wide tenders. This is big business: in 1957 tenders were called for a wide variety of goods including railway cars and diesel locomotives, ties, rails and fishplates, aircraft, tugs, cranes, trucks, pumps, equipment for cement plants, a flour mill, fertilizers, base metals, steel shapes, wire and cables, machines and machine tools and generating sets. In addition D.G.S.&D handles tenders originating from the United States ICA sub-authorizations; these have included machinery, tools, electrical equipment, pumps, dyes and chemicals, etc. Most of these too are open to world-wide bids.

Jute Is Largest Export

Pakistan's principal export is raw jute; some six million bales a year are produced and over five million exported. In fact, jute alone accounts for nearly half the export income. About 50 per cent of all cotton produced is consumed by local mills; the remainder is exported. Wool, tea, hides and skins are the other main exports. Under an export incentive scheme, sales abroad of manufactured goods have risen to nearly 15 per cent of total exports, which in 1956-57 were valued at Rs.1,607 million. Principal markets were the United Kingdom, Japan, the United States and Germany.

Principal imports for private account are machinery, metals, mineral oil, cotton twist and yarn, vehicles, chemicals and drugs. A large part of imports on government account consists of foodstuffs. Total imports in 1956-57 were valued at Rs.2,334 million. Chief suppliers were the United States, the United Kingdom, Germany, India and Japan.

Imports exceeded exports in 1956-57 by Rs.727 million, a deficit which was made up by foreign aid (including nearly 500 thousand tons of wheat), loans and grants, and by a reduction in foreign exchange holdings.

Trade with Canada Limited

Canadian exports to Pakistan in 1957 totalled $11.3 million; leading products were wheat, electrical apparatus and insulators, aluminum, automobiles and parts, structural steel, aircraft, radio and wireless apparatus, files and rasps, paper mill machinery, polystyrene, drugs and chemicals, and a wide variety of goods in lesser amounts. The above figure and the list include materials supplied by Canada under the Colombo Plan; a breakdown giving only straight commercial transactions is not obtainable.

Imports into Canada from Pakistan for the first ten months of 1957 totalled less than half a million dollars. Jute and jute butts was the leading item, followed by tea, sport racquets and frames, furskins, cotton and cotton products, surgical instruments and scissors. •

Ceylon

Exports of tea, rubber and coconut pay for large imports of foodstuffs, but government working to increase domestic manufacturing. Import controls remain on certain products, but importers of Canadian goods are today obtaining licences without much difficulty.

W. ROSS VAN, *Commercial Secretary, Colombo.*

THE uncertain economic conditions that prevailed in Ceylon in 1956 continued and were accentuated during 1957. The drought prevailed well into the year, affecting rice and coconut production. On the brighter side, both tea and rubber yields rose; the tea crop achieved an all-time record.

Declining prices for both tea and rubber caused concern and although prices for coconut products went up, the effect was counteracted by lower output. The increase in the cost of imports greatly exceeded the rise in export values.

Commercial circles, both domestic and foreign, were still uncertain about the Government's economic policy, especially on the nationalization of industries.

Trade Deficit Increased

Continued and increasing labour unrest, culminating during the latter part of the year in widespread strikes in both the public and private sectors and especially in the Port of Colombo, seriously affected the country. These strikes, with the unprecedented flood disaster towards the end of December, placed Ceylon in a difficult financial position and resulted in the highest adverse balance of trade since 1952.

According to estimates, the visible trade deficit stands at Rs.124.4 million as against a deficit of Rs.205.2 million in 1952. During the years 1954 to 1956 favourable balances of Rs.412 million, Rs.478.9 million and Rs.101.2 million respectively were recorded. External assets, at Rs.942.9 million, have dropped to their lowest point since 1954. Both the cost of living and unemployment have gone up.

Food Imports Are Heavy

Ceylon, a small agricultural island of 25,000 square miles and with a rapidly increasing population of over nine million, is still in transition from a colonial to a free economy. This transition has not been easy but definite progress is being made, though the havoc wrought by floods and labour unrest are temporary setbacks. Although the floods caused extensive damage, generous foreign assistance, (Canada to date is the principal contributor) will do much to prevent undue financial hardship in the program for reconstruction.

There is little manufacturing of any significance nor can Ceylon produce sufficient quantities of staple foods to meet the needs and demands of a rapidly growing population. As a consequence, imports of foodstuffs (particularly rice, sugar and flour) are heavy. Consumer goods, machinery, and other commodities to satisfy everyday needs and to assist in the development of the country must also be purchased from abroad.

Tea Crop Reaches Record

To foot the bill for imports Ceylon, as in pre-independence days, must rely on the export of three agricultural products to earn foreign exchange to meet her import bills. Tea is the principal earner, followed by rubber and coconut products.

Tea production, at 397 million pounds, reached an all-time record but average prices declined rather sharply from the previous year. A crop of 400 million tons had been expected but weather conditions, labour problems on the estates, and the strike in the Port of Colombo all contributed to a smaller crop and smaller exports than might reasonably have been expected.

	Exports (millions of pounds)	*Value (millions of rupees)*	*Average Price (auction) (per pound)*
1956	348.2	1,043.0	Rs. 2.16
1957	367.7	1,021.3	Rs. 1.86

Rubber Production Mounts

Rubber production and exports both went up during the year although there was a slight falling off in prices compared with 1956. Output of all types, at 98,164 long tons, exceeded that of 1956 by nearly 3,000 long tons. Customs price average per pound fell from Rs.1.50 to Rs.1.43.

Under a five-year trade agreement with Mainland China which terminated at the end of December 1957, China bought a guaranteed 50,000 tons a year of sheet rubber at a premium over the world market prices. The new five-year agreement guarantees the purchase of 30,000 tons a year, but at world market prices. Consequently in the future Ceylon's income from rubber exports will be wholly subject to the fluctuation in world market prices.

	Exports (long tons)	*Value (in millions of rupees)*
1956	88,965	282.1
1957	92,242	295.6

Coconut Prices Higher

Coconut was the crop most affected by the drought and because of lower production, exports of the three major products, copra, coconut oil and desiccated coconut, fell accordingly. There was, however, a notable increase in prices over the previous year.

	Exports (long tons)		*Value (in millions of rupees)*	
	1956	*1957*	*1956*	*1957*
Copra	57,726	34,764	48·9	33·3
Coconut oil	84,920	54,072	99.2	67.9
Desiccated	63,743	48,889	64.8	54.8

Industrialization Policy

Ceylon is still a basically agricultural country with little industry. The existing policy is to increase industrialization as a means of providing a better standard of living and more employment, and of reducing where practicable the present large expenditures on imports. In addition, more industrial output would lessen the dependence on tea, rubber and coconut.

The Government has divided industry into three broad categories:

- *Basic or strategic industries*—to be undertaken by the State alone. These are defined as those industries

—UN Photo

In an attempt to provide more fish for the Ceylonese diet, Colombo Plan and FAO programs have concentrated on demonstrating better fishing methods and on providing facilities for keeping and processing the catch. Here an FAO expert discusses modern techniques with a group of local fishermen.

ownership of which would mean the holding of a strategic position in the economy of the country as well as in other major industries, and for which private enterprise would not be able to provide the necessary capital. They include iron and steel, cement, chemicals, fertilizers, salt and its byproducts, mineral sands and sugar, and power alcohol.

- *Those developed jointly by the State and private enterprise, or separately by the two sectors.* This covers 23 industries and includes textiles, tires and tubes, asbestos products, acetic acid, plywood, paper, dry cell batteries, etc.

- *Those left entirely to the private sector;* over 52 types of industries have been named.

In most cases, the existing tariff gives moderate protection to new industry. Where it is insufficient, the tariff is altered. Another means of protection is the Industrial Products Act. When this act is enforced, the local importer must buy a proportionate amount of the domestic product before he may import similar commodities from abroad. At the moment only a few industries enjoy this privilege: towels and sarongs, plywood tea chests, and ceramics. Tax remissions and other benefits may be granted to newly approved industries, with greater benefits for those in which the Government participates.

Ceylonization Program

Before independence, import trade was mainly in the hands of British and other foreign firms. To encourage a fuller participation in business by Ceylon nationals, the Government, through its import control policy, is reserving an increasing amount of trade to registered Ceylon firms. Those firms which are not Ceylonized are given the opportunity to qualify by conforming to a number of requirements. An applicant must employ Ceylonese citizens in at least 75 per cent of the positions which pay less than Rs.500 per month and in at least 50 per cent of those which pay more. An individual trader must be a Ceylonese citizen; so must the majority of directors or partners in firms, partnerships, and private or public companies. Public companies must be incorporated in Ceylon, and in firms, partnerships or private companies at least 51 per cent of the effective share capital must be held by Ceylonese citizens.

Foreign Trade Policy

Trade agreements have been concluded with a number of European countries, China, Burma, and Japan. A trade agreement is now being negotiated with the Soviet Union. This conforms with Ceylon's policy of diversifying her markets and at the same time implementing her Ceylonization program by restricting to registered Ceylonese traders imports from these areas.

For imports from the dollar area apart from those not requiring import licences or specifically restricted to registered Ceylonese traders, non-Ceylonized importers may only be granted licences limited to a past trade pattern.

The following official Ceylon customs statistics provide some indication of the value of the two-way trade between Ceylon and other countries. Values shown are C.I.F. for imports and F.O.B. for exports. Re-exports are not included.

	1955	*1956*	*1957*
	(in millions of rupees)		
Imports	1,459.7	1,629.3	1,804.0
Exports	1,872.1	1,652.3	1,588.3
Total	3,331.8	3,281.6	3,392.3

During the same years trade with Canada was as follows:

	1955	1956	1957
	(in millions of rupees)		
Imports into Ceylon	15.8	16.3	15.9
Exports to Canada	93.4	93.4	79.3
Total	109.2	109.7	95.2

Approximately 50 per cent of the value of Canadian exports consists of Canadian Colombo Plan aid provided to Ceylon to assist its economic development program.

Apart from basic foodstuffs, Ceylon's principal source of supply is still the United Kingdom. India and Japan are the two other major suppliers, and their share of the trade is rapidly increasing. Other European countries are making good progress. It is also expected that trade with both Mainland China and Russia will grow. Australia, well known in this market as a supplier of foodstuffs, is becoming increasingly important as a nearby source of capital and consumer goods.

Canadian Sales Prospects

Trade with Ceylon is regulated by import controls although a wide range of commodities do not require licences. Those that do or imports of which are prohibited are so listed. As our balance of trade is heavily in favour of Ceylon, local importers experience little difficulty in obtaining necessary licences to import Canadian goods.

Canadian manufacturers and exporters may service this market in two ways:

- By establishing connections with local agents, importers and distributors.

- By quoting on the innumerable invitations to bid issued by the Ceylon Government on a worldwide basis for goods to be paid for from local foreign exchange holdings or from United States ICA funds. There are also other invitations to tender issued locally in which Canadian firms with connections in Ceylon can participate. From time to time there are also calls for consulting engineering services.

The amount of Canadian participation in this market, both present and future, depends on our ability to compete with other sources of supply and mainly non-dollar sources. Distance and higher transportation costs from Canada have also tended to work against us.

The point to bear in mind is that Ceylon is a growing market and as the country develops, the potential will increase. To obtain a fuller understanding of this market, its present problems and its future aspirations, Canadian businessmen should try to visit it whenever possible. ●

India's Needs for Rubber Grow

INDIA'S CONSUMPTION OF RUBBER ha risen substantially in the past seven years—from nearly 18,000 tons in 1950 to 29,000 tons i 1956. Local production totalled 15,599 ton in 1950 and imports 1,082 tons; in 1956 outpu rose to 23,444 tons and imports reached 6,46 tons. By 1960, India predicts that consumptio of natural, synthetic and reclaimed rubber wil approach 40,000 tons a year. New plantings of rubber trees in the Second Five Year Pla (1955-56 to 1960-61) are expected to boos output to this level eventually, but not before the year 1974.

It is also possible that India may decide t make synthetic rubber to help bridge the gap between production and consumption and cu down on imports. A proposal to build a plan to make synthetic rubber is in the exploratory stages; it would have a capacity of 15,000 t 20,000 tons a year and use alcohol derived from sugar industry by-products. Also under consideration are plans to build factories to make carbon black and high-tenacity rayon tire yarn. If these schemes materialize, manufacturers of rubber goods will be able to buy more of their raw materials in the home market and will thus save on foreign exchange.

In spite of the plans to increase domestic output of rubber, it is not certain that expansion could keep up with demand if consumption were to rise even moderately. In 1955, India's per capita consumption of rubber reached only 0.2 lb., compared with 0.3 lb. in China, 2.3 lb. in Japan, 3 lb. in Russia, 7.4 lb. in West Germany, 11.7 lb. in the United Kingdom, and 20.7 lb. in the United States.

As the standard of living in the country rises, production and consumption of rubber and products will likely increase greatly. The local industry now makes more than 6.5 million auto and cycle tires and tubes a year, over three million pairs of rubber footwear, over two million yards of waterproof fabric, and about 1.5 million pounds of latex foam sponge. India will probably continue to depend on imports of natural and synthetic rubber (and certain specialized rubber products) for several years at least, even though the Government is pressing ahead with plans to expand local output of natural rubber.

—JOHN H. NELSON,
Assistant Commercial Secretary, New Delhi.

PEANUTS

Production . Purchases . Prospects

LAST year the world produced more peanuts than ever before—14.4 million short tons (in-shell basis). India had the largest crop, roughly 4.8 million tons. Next came Mainland China with an estimated 2.8 million tons, French West Africa with 1.6 million, Nigeria and the British Cameroons 1.37 million, and the United States 752 thousand. Indonesia, Burma, the Belgian Congo and Mexico also produced sizable amounts.

South American Traveller—The peanut (or groundnut) was first discovered in South America. Soon it took to travel and it has adapted itself to life in nearly all tropical and semi-tropical countries. Few legumes have so many uses. The oil expressed from high-grade kernels becomes a popular salad and cooking oil, especially in India. Lower-grade oil serves a variety of industrial purposes. The leftover meal after pressing is turned into livestock feed. Edible peanuts go into candy, peanut butter, cakes and cookies, or are roasted and salted for retail sale. Even the peanut hulls, ground up, are sometimes used as a filler in fertilizers.

Canada a Big Customer—Canada has become one of the larger markets for peanuts because they do not flourish so far north. In the last twenty years our purchases have gone up, but not steadily, because the war and early postwar years distorted supply and demand. But 1937 imports—about 39 million pounds—had almost doubled by 1956 to 76 million pounds, valued at $7.6 million. Our record purchases came in 1948 when we bought nearly 89 million pounds. Of late years annual imports have averaged about 70 million pounds.

Where We Buy—Over the twenty years 1937-1957, our peanut imports have come mainly from five countries—China, India, the United States, Mexico and Nigeria. But the supply pattern has changed as new factors came into play. In the twenties and early thirties India held the undisputed first place. During the depression years, the lower prices of Chinese peanuts attracted the largest number of orders; from 1937 to 1941 we bought more peanuts from China than from any other country. The war brought this trade to a standstill and India recovered lost ground, though in 1945 and 1946 she was outstripped by Nigeria. (Most of the Nigerian peanuts were used to obtain peanut oil.)

Mexico Leads—Peanuts are grown extensively in the southern United States and in 1947, 1948 and 1949 Canadians turned to this next-door producer for the lion's share of imports. But 1950 brought the introduction of U.S. price supports for certain agricultural products, peanuts included. This pushed up peanut prices and we turned to another North American producer—Mexico. Every year since 1951 Mexico has sold us more peanuts than any other country. In 1956, out of 76 million pounds of green peanuts brought into Canada, 30 million (or roughly 40 per cent) came from Mexico.

50562-8—2½

In 1954 a new source of supply—South Africa—opened up and in 1956 and the first ten months of 1957 ranked third. But 1957 saw the complete disappearance of India as a peanut exporter, leaving only Mexico, the United States, China and South Africa as major suppliers. The table below supplies details.

How We Use Them—Leaving out the ordinary consumer who buys peanuts in shell or nibbles salted peanuts at parties, the main peanut buyer is the confectionery industry, which purchased 23.3 million pounds of green peanuts in 1956 and 3.25 million pounds of roasted peanuts, out of total imports o 72 million pounds. There are no figures to show hov many pounds of kernels were processed into peanu butter, though 16.2 million pounds of peanut butte were produced in 1955. The bakers bought 157,29 pounds of peanuts in 1956.

The reports on the following pages cover our fou chief suppliers and give up-to-date marketing data for the benefit of importers. There is also a report fron India on current peanut production and on the continuation of the export embargo. ●

Imports of Peanuts into Canada—Green, Shelled or Not

	10 mos. 1957		*1956*		*1955*	
	Lb.	*$*	*Lb.*	*$*	*Lb.*	*$*
Mexico	28,104,993	2,872,375	30,896,126	3,013,620	22,565,976	2,634,03
United States	17,166,023	1,657,585	5,034,343	408,402	3,502,226	334,20
Union of South Africa	8,641,230	902,817	9,082,470	929,526	10,177,986	1,046,93
China	7,477,999	884,291	15,872,000	1,757,950	1,101,602	142,53
India	.....	.....	7,206,550	652,846	18,232,163	1,766,02
Spain	.....	.....	282,312	30,170	1,796,223	160,57
Brazil	.....	.....	1,110,582	107,453	4,208,403	446,35
Hong Kong	.....	.....	4,588,735	508,357	5,331,121	650,08
West Germany	65,211	9,970	729,182	79,576	2,944,627	368,08
Total, including all countries	62,204,896	6,414,338	76,557,298	7,663,941	72,032,202	7,797,68

MEXICO—*Crop is smaller and domestic demand has risen.*

SINCE 1942, when production of Mexican peanuts for export started, output and yield have increased steadily until the current crop year. Production figures demonstrate this clearly:

Year	*Production*	*Yield per hectare (in metric tons)*
1950	64,125	1.186
1951	67,825	1.250
1952	69,926	1.270
1953	72,619	1.305
1954	78,222	1.395
1955	81,154	1.353
1956	84,133	1.384

Although peanuts are grown in practically every state, only Jalisco, Puebla, Guanajuato, Sinaloa, Nayarit, Morelos, Guerrero, Michoacán, San Luis Potosí and Oaxaca are important exporters. These ten states produce 90 per cent of the total crop but Jalisco is well in the lead, accounting for more than 30 per cent of total production or 26,687 metric tons in 1956, followed by Puebla with 9,911 tons and Guanajuato with 9,237.

Three varieties are raised—Virginia, Spanish, and Red Tennessee. The Virginia type is by far the most important, representing roughly 90 per cent of total production, compared with 7.5 per cent for Spanish type and 2.5 per cent for Red Tennessee.

Roughly one-third of Mexican production is sold abroad; Canada usually takes the lion's share of these exports and is about the only market for *shelled* peanuts. Belgium, Switzerland and the Netherlands are traditional buyers of peanuts *in the shell.*

Shelled peanuts form the bulk of exports, with the percentage varying from 96 per cent in 1950 to 78 per cent in 1954 and 66 per cent in 1956.

The table on page 13 points up Mexican dependence upon Canadian sales.

Grades and Shipments

Because the Canadian market is so important, Mexican exporters have adopted Canadian grades. Sizes entering most commonly into export are:

Shelled—32/36's, 37/45's, 46/55's, 55/60's.
In the Shell—12/14's, 11/13's, 13/15's.

Other sizes of shelled peanuts, such as 28/32's, 36/40's, 38/40's and 60/70's, are available but do not move in the same quantities.

Shipment is made in henequen bags of 100 pounds net weight. Orders for the West Coast and the Prairie

Exports of Peanuts from Mexico

Year	*In the Shell*			*Shelled*			
	Total Exports *(in metric tons)*	To Canada	Per cent to Canada	Total Exports *(in metric tons)*	To Canada	Per cent to Canada	Per cent of total to Canada
1950	4,434	4,434	100	9,923	9,529	96	96
1951	2,954	2,585	87	15,719	14,726	94	93
1952	4,438	3,152	71	14,613	14,256	97.5	91
1953	5,633	3,822	68	15,467	14,670	95	88
1954	4,242	2,889	68	14,570	13,438	92	87
1955	3,968	2,538	64	19,856	9,241	46.5	49
1956	6,899	4,174	60	13,075	10,249	78	72
1957 (11 months)	4,550	3,062	67	10,561	9,027	85	80

Provinces usually go by rail. Shipment to Ontario and Quebec is by rail in the winter months and by ship in the summer months. Ocean freight is always used for shipments to the Maritimes.

Quotations, which include the Mexican export tax, are F.O.B. Laredo in the case of rail shipment, and Tampico or Veracruz for ocean shipment. The Mexican shipper customarily guarantees that the shipment will pass inspection by the Canadian health authorities.

Outlook for 1957-58 Crop

There are no official figures on the 1957-58 crop, harvesting of which started in October, but reports from the principal growing areas indicate that it will be the smallest in many years. Trade sources place it at between 55,000 and 65,000 tons, compared with an average production of 77,248 tons during the past five years. Not only will the crop be small but it will be somewhat below standard in quality because of climatic conditions.

Main reason for the smaller output is the reduction in the acreage devoted to peanut growing. Government financing is not available for this product and growers depend on financing by the shellers and exporters. In the face of competition in the Canadian market from sales of surplus United States peanuts at prices with which they could not compete, shellers and exporters restricted the amount of financing they were prepared to extend at the time of planting in April last year. Although no official statistics are available, it is known that a large acreage which ordinarily would have been planted to peanuts was switched over to crops such as corn, wheat and beans, for which Mexican government financing is available.

Exports Will Drop

Although production is down, domestic consumption is picking up. Domestic supplies of fats and greases

Inspection and grading of Mexican peanuts is carried out carefully, as this picture taken in a laboratory shows. Because the majority of kernel exports move to Canada, Mexico has adopted Canadian grades. About 90 per cent of the crop is Virginia type.

are tight and this has meant a strong market for vegetable oils. As a result, oil millers are bidding up the price on farmers' stock peanuts for crushing without shelling. Higher prices for pecans (Mexican) and cashews (imported) have improved the competitive position of peanuts and have increased the consumption of blanched and salted peanuts and peanuts in the shell. Because of these factors, the trade estimates that only 9,000 to 11,000 tons of edible peanuts will be available for export, compared with average shipments of 20,000 tons a year over the past five years.

Because only 5 per cent of the land on which peanuts are grown is irrigated, the amount and timing of rainfall has an important bearing on the quality of the crop. Insufficient rainfall in some areas during the growing season and too much rain during the harvest have produced a crop which has a higher than normal percentage of shrivels and damaged kernels.

Prices Are Firm

In response to the smaller crop and the increased domestic demand, prices have firmed and increased over last year. A comparison in Mexico City shows the following:

	1956-1957	*1957-1958*
	(in pesos per kilo)	
In the shell (available for export)	1.40	up to 1.70
Farmers' stock for shelling purposes	1.20	1.35

Export prices for shelled peanuts have remained practically unchanged since last year. In-the-shell prices have gone up approximately ¾ of a cent per pound—that is, from an average price of 11.5 cents per pound in 1956-1957 to 12.25 cents per pound for the 1957-1958 crop.

Current quotations for Virginia-type packed in 100-pound bags net, F.O.B. ship Tampico or F.O.B. rail Laredo in bond are:

Shelled	*U.S. Dollars*	*In the Shell*	*U.S. Dollars*
32/36's	14.00	12/14's	13.00
37/45's	12.50	13/15's	12.50
46/55's	11.00	.....	.....
56/65's	10.25	.....	.....

Shipments to Canada

Mexican exporters are pessimistic about prospects for exports to Canada from the current crop, although the situation may improve. On the average, 80 per cent of peanuts exported to Canada are in the form of shelled peanuts, according to Mexican figures. While U.S. surplus prices last year were well below Mexican prices, the quantities of Virginia-type peanuts were limited and exports from Mexico were possible. The outlook is not too different this year, because Canadian buyers may not be able to get enough surplus U.S. peanuts to fill the market demand for shelled peanuts in the next few months. Peanuts in the shell do not face this same competition from U.S. surplus stocks and exports are being made in normal quantities.

—C. J. VAN TIGHEM,
Commercial Counsellor, Mexico, D.F.

SOUTH AFRICA— *Sales to Canada are made through London agent.*

THE growing of peanuts in South Africa was first stimulated during the war; previously oilseed crushers had bought their supplies abroad. With the Government's encouragement, production in the Union has risen from 8,300 tons in 1946-47 to 150 thousand tons in 1956-57. About 90 per cent of the crop consists of Natal Common and the only other variety raised in significant amounts is Virginia Bunch. Seventy-five per cent of the peanuts come from the Transvaal, 15 per cent from Natal, and the remainder from the Orange Free State.

The steady expansion in peanut production has had two results. First, the import trade in crushing stock has disappeared and crushers now have surplus crushing stock and peanut oil for sale abroad. Second, an export trade in selected edible peanut kernels has sprung up and is growing year by year.

Export Trade Controlled

The Oilseed Control Board, whose authority derives from the Marketing Act of 1937, has sole control over the purchase of peanuts from the farmer and over the disposal of the crop. Its powers include the determination of oilseed prices both to producers and buyers, control of grading and packing, and control of the export of edible kernels. It stipulates that all edible peanuts for export must be hand selected, with splits limited to a maximum of 4 per cent.

During the current season, the quantity of edible kernels for export will total about 600 thousand bags of 100 pounds each (30,000 tons)—compared with 335 thousand bags in 1955-56 and 238 thousand in 1953-54. Approximately 95 per cent will be Hand-picked Natal Common. The Natal Common is not a large peanut and in general, about 80 per cent of shipments in recent years have consisted of size 60/70 per ounce, with 70/80's in demand only when the larger sizes were in short supply. As the figures below, covering the shipment of selected Natal Commons during the last three years, show, this occurred in 1955-56:

Kernels per ounce	1953-54	1954-55	1955-56
		(in short tons)	
Natal Common 50/60	.....	.....	382
Natal Common 60/70	9,342	12,441	9,563
Natal Common 70/80	2,119	1,471	5,697
Total	11,461	13,912	15,642

Where Exports Go

The United Kingdom normally takes about 65 per cent of the edible nut shipments and, for purposes of convenience, the Oilseed Control Board has designated the Farmers' Overseas Co-operative Federation Limited, London, the exclusive selling agent for the United Kingdom, Europe and Canada.

During 1955 sales by the Federation totalled 216,360 bags to the United Kingdom, 54,340 bags to Europe (represented by the Netherlands and Germany), and 40,380 bags to Canada. Other markets reached in that year included New Zealand (9,800 bags), the United States (6,500 bags), and Trinidad (640 bags).

Despite strong demand, particularly from Europe, unshelled peanuts are not an important export because growing conditions here do not produce "clean white shells, free from soil discoloration and weather stain". Any substantial increase over the 1955-56 unshelled shipment of 3,680 bags of Natal Common and 2,820 bags of Virginia Bunch depends largely upon the possibility of installing washing and bleaching facilities, and this is unlikely.

—KENNETH F. NOBLE,
Trade Commissioner, Johannesburg.

—South African Railways

Peanuts grown in the Transvaal are being shelled by machine and bagged. The kernels will be inspected and hand selected for shipment abroad, in particular to the United Kingdom.

UNITED STATES—*Acreage is down under price support but yields are up.*

PEANUT production in the United States, operating under a system of price supports, marketing quotas and acreage allotments, has remained relatively constant during the last six years at about 1.5 billion pounds a year. This is a decrease of roughly one billion pounds a year from the peak achieved during World War II and the estimated 1957 crop, at 1.5 billion, is 6 per cent below that of 1956.

Consumption of peanuts in the United States is rising only slightly but steadily and this gradual increase seems to result almost entirely from population growth, with little visible change in relative demand. Per capita consumption has remained more or less stable. Imports are restricted to 1.7 million pounds, shelled basis, so consumption tends to fall if the U.S. crop is short, as in the 1954 crop year.

Surplus Sold on Competitive Bids

With domestic prices supported well above those prevailing on world markets, few United States peanuts are exported. The small amount which enters foreign trade comes out of surplus stock purchased under the support plan and sold by the Commodity Credit Corporation on the basis of competitive bids.

Domestic processors may take advantage of these reduced prices only if they use the peanuts to make non-edible products. About 75 million pounds a year of the surplus purchased by the CCC goes into United States non-edible oil production and the remainder is sold for export.

The following table shows production, consumption and surplus disposal of peanuts since 1950.

Crop Year	Production	Domestic consumption	Acquired under price support	Disposed of as surplus
	(million pounds, farmers' stock basis)			
1950	2,025	1,236	800	643
1951	1,659	1,222	588	396
1952	1,355	1,270	108	29
1953	1,574	1,282	297	425
1954	1,008	1,264	0	20
1955	1,565	1,192	207	187
1956	1,602	1,312	317	264
1957[1]	1,504	1,330	....	....

[1]Estimate based on December 1, 1957, conditions.

The reader will notice that acquisitions under price support each year were larger than surplus disposals. This is accounted for largely by purchases made by domestic processors from CCC stocks. These purchasers paid the full domestic price to obtain peanuts for human consumption in the United States. These transactions are not considered part of the surplus disposal operation.

—S.C.S. Photo

Peanuts grown in the American South are gathered into windrows for stacking; note the stacks in the background to the left. Some 1.6 million acres were planted to peanuts in 1957.

In 1947, 1948 and 1949, the United States was Canada's chief source of peanuts and this trade reached more than 70 million pounds, on a shelled basis, in 1949. When support prices became effective in 1950, however, Canada's purchases dropped to 3 million pounds and the highest figure reached since then was 6.5 million pounds in 1954. Last crop year (1956) Canada bought five million pounds from the United States. These small purchases were virtually all surplus peanuts bought on competitive bid from CCC.

U.S. Prices Higher

The amount of surplus stock from the 1957 crop which could be sold for export or for non-edible products in the United States has been uncertain since the December first estimate because of bad weather, especially in the Virginia-Carolina area. Now, on the basis of the latest tests of the crop being harvested from Virginia-Carolina fields, the United States Department of Agriculture estimates that between 20 and 40 million pounds of surplus peanuts will be available for sale on competitive bids between now and August 1st. American oil manufacturers require 23 million pounds during this period and will be looking to surplus stocks for that amount. Other buyers will also be competing. Canadians therefore are unlikely to find United States surplus supplies available to them in amounts sufficien to meet their needs in the next five months.

The unfavorable competitive position of United State peanuts in world markets is readily seen from pric comparisons. The Bombay average price during Apr 1956 to February 1957 was only one-third the Unite States price and Sudanese prices during the sam period were just over one-half those in the Unite States.

Support Price Set

Price supports on peanuts are mandatory under th Agricultural Act of 1949 at 75 to 90 per cent of parit when producers approve marketing quotas. For th 1957 crop, prices are being supported at a nationa average of $221.40 per short ton, or 81 per cent o the parity price on August 1, 1957. This is lowe than the support price set at 86 per cent of parity i 1956 by about $6.00 a ton and $21.00 below the 9 per cent parity price of 1955. Marketing quotas fo 1957, 1958 and 1959 were approved by 94 per cen of the peanut farmers in a referendum held in 1956.

The national acreage allotment of 1.6 million acre for the 1957 crop was the minimum authorized by law and will be maintained in 1958. This is less than hal the acreage from which peanuts were harvested and threshed in 1948, the last year before legislative allotments. Any farmer who knowingly exceeds his farm acreage allotment gets no price support on any peanuts from his current crop and also, under marketing quota regulations, pays a penalty of 75 per cent of the CCC loan rate on the assessed quantity produced.

Acreage Down, Yields Up

At the same time that acreages have been brought down, improved farming methods have increased yields. The five-year average yield of peanuts in the United States in the period 1945 to 1949 was 692 pounds per acre, but from 1953 to 1957 this increased to 970 pounds. Current estimates place the 1958 yield at 1,026 pounds per acre.

In the Virginia-Carolina area where large-type peanuts are grown, already good yields per acre increased by 486 pounds (or 44 per cent) between 1949 and 1957. In the Southeast, where Runner and Spanish peanuts give lower yields, production per acre increased from 697 pounds in the five years ending in 1949 to an average of 897 pounds in the period 1953 to 1957, or almost 30 per cent.

In spite of these increased yields per acre in the Virginia area, total production there has shown no definite increase since 1952 and the proportion of total production coming from the Southeast has declined

slightly since 1945. Since 1950, except for the poor year of 1954, Southeastern production has accounted for about 50 per cent of the U.S. total.

The proportion of total production concentrated in the Southwest has declined somewhat, although the pattern is confused by violent year-to-year changes because of the weather.

How Peanuts Are Used

Total utilization of peanuts in primary peanut products such as salted nuts, candy and peanut butter has steadily increased since 1948. Marked changes have occurred in the proportion of the three types—Virginia, Runner and Spanish—used by the commercial trade. From 1945 through 1950, between 40 and 50 per cent of all peanuts used for candy, peanut butter, salted nuts and other edible purposes were of the Spanish type. In 1952 the Spanish held only 20 per cent of the market, Virginia type 45 per cent, and Runner type 35 per cent. Since 1952 use of the three types has tended to equalize, with the Spanish type regaining some of its former position and a slight decline in the Virginia and Runner types taking place.

—W. ADAIR STEWART,
Assistant Commercial Secretary, Washington.

MAINLAND CHINA—*Quality of peanuts exported is well maintained under government regulation.*

PEANUTS are one of the most important crops in the Chinese economy; production over the past five years has increased progressively and this trend continues. According to Chinese sources, the crop in 1956 reached approximately 3.9 million tons. The most important growing area is in Northern China, with smaller quantities coming from Central China and Manchuria.

Exports are handled exclusively by the China National Cereals, Oils and Fats Export Corporation, a state trading organization, and most sales are made by its Tsingtao branch. The Corporation will deal either direct with overseas importers or through merchants in Hong Kong. They claim to have no preference and considerable business is still negotiated through Hong Kong merchants. European countries provide the largest markets, with West Germany, the Netherlands and Switzerland in the lead.

In past years, large quantities of peanuts have been shipped to Canada from Mainland China, but recently competition from United States surplus stocks has resulted in a considerable reduction in the Chinese share of the Canadian market. The Mexican crop also affects adversely overseas markets for Chinese peanuts. Shipments to Canada in the fourth quarter of 1957 were considerably lower than in 1956, but this situation is expected to be temporary and future sales may well be substantial. In previous years, peanuts destined for Canada were transhipped in Hong Kong and more recently in Japan also. But direct shipping facilities are now available and it is expected that they will be used and transhipment avoided.

Export Standards High

Chinese peanuts are available in the following grades:

1) F.A.Q.—"Fair average quality" of the season stated.
2) H.P.S. ungraded—"Hand picked selected" of the season stated.
3) H.P.S. graded—"Hand picked selected" in a given number of kernels per ounce, such as 30/32, 32/34, 34/36, etc.

Most business is done in H.P.S. graded and the export specification standards set by China are 9 per cent maximum moisture content, 1 per cent imperfect, maximum 1 per cent spotted and 99 per cent minimum perfect. However, experience over the past few years has shown that shipments from China are well within these specifications and an analysis of quality certificates issued by the Chinese Commodity Inspection and Testing Bureau has shown that moisture content averages 7.5 per cent, imperfect 0.15 per cent, maximum spotted 0.000 per cent, and perfect 99 per cent minimum.

Chinese sales regulations call for shipping weights and quality as final and in accordance with certificates issued by the Chinese Commodity Inspection and Testing Bureau. The efficiency of this Bureau has been proved up to the present time and there is no reason to believe that this will not continue.

Canadian buyers usually require packs of 100 pounds net and these can be provided within 1 per cent margin of error. Shipments to Canada are packed in new gunny bags and to Europe in sound secondhand gunny bags.

—C. M. FORSYTH-SMITH,
Trade Commissioner, Hong Kong.

INDIA—*Government still bans all exports of peanuts and peanut oil.*

CANADA'S appetite for peanuts made her India's best customer for the five years before 1956, with the Netherlands, Switzerland, West Germany, Norway and the United Kingdom following close behind. The table shows the Canadian dollars that peanut exports earned for India:

In a rural market centre in India, peanuts are bagged by hand for shipping to mills for crushing or for shelling and sale.

CANADIAN PEANUT IMPORTS FROM INDIA

	(000's lb.)	*($ '000)*
1956	7,206.5	652.8
1955	18,232.1	1,766.0
1954	17,503.0	1,954.7
1953	14,957.1	1,448.4
1952	17,456.6	1,940.0

This is an average export of over 8,000 tons of peanuts, earning enough dollars to buy about 25,000 tons of Canadian wheat to supplement India's food supply.

Exports Now Banned

Today the picture has changed. In March 1956 India banned exports of peanut kernels and in November stopped exports of peanut oil. The result: no peanut shipments went to Canada last year. The reason for this ban was apparently the rise in peanut prices that made things difficult for the Indian consumer who does most of his cooking in peanut oil. At the moment prices are remaining fairly steady at about $6.40 to $6.60 for 100 pounds of peanuts and $3.80 to $4.00 for 28 pounds (one quarter) of oil. The trade notes also that local crushers have benefited considerably from more stable prices and an assured supply of kernels.

The Indian Government's stated policy is to export oils instead of oilseeds, but no quota has yet been released and speculation in the oilseeds trade seems to be evenly divided on the possibility of a quota for peanuts.

Indian peanut production over the last five years has increased steadily and took a sharp jump with a bumper crop in the September 1954-55 season. Preliminary estimates for 1957-58 indicate a rise in acreage of about 9.4 per cent over the previous year. The trade, however, expects only a 2 to 3 per cent increase in yield to about 4.3 million tons.* This, when correlated with a 1¼ per cent increase in population, means a very small net gain.

Year	*Acreage (in thousands)*	*Tons in shell (in thousands)*
1956-57	13,101	4,086
1955-56	12,585	3,804
1954-55	13,500	4,128
1953-54	11,356	3,772
1952-53	11,812	2,894

(Five-year average—3,736,800 T.)

(It should be pointed out that the kernel weight is equivalent to approximately 70 per cent of the in-shell weight.)

The quality of this year's crop is expected to be slightly above average, with about 42 to 43 per cent oil by kernel weight as a result of adequate rainfall at strategic periods during the growing season. Indian agricultural research units are meeting with some success in developing improved seed varieties in terms of yield, oil content and resistance to disease.

The common varieties traded are Khandesh and Khandesh Quality (Spanish peanuts), Bold and Java which Canada normally buys as HPS (hand-picked, selected), and Coromandal. It is difficult to say what portion of the crop is HPS because the operation itself depends on the demand in the kernel trade. Overseas buyers usually contract HPS peanuts on the basis of 55/60 kernels per ounce for Bold Bombay and 75/80 per ounce for Java-type peanuts. The fewer kernels per ounce indicates more selective hand-picking.

Foreign Sales Unlikely

Total oilseed production in India is increasing at a rate which makes it appear unlikely that the 1961 target of 7.5 million long tons of oilseeds (of which peanuts should constitute 5.1 million) will be achieved. While this situation continues, there is little prospect of kernel exports being allowed, in spite of India's need for foreign exchange. Some authorities consider that a rise in prices as a result of exports would put too great a burden on the average consumer who has created a strong demand for peanut oil and by-products as part of his staple diet.

—W. J. COLLETT,
Assistant Trade Commissioner, Bombay.

*Long tons of 2,240 lb.

Belgium Practises Group Buying

Canadian exporters of foodstuffs and electrical equipment should study the system of co-operative buying widely used in Belgium. Here are details about it and information on some of the larger organizations engaged in it.

G. H. McCLYMONT,
Office of the Commercial Counsellor, Brussels.

CONSUMER co-operatives or central buying organizations set up by retailers and other trade groups constitute the most important group-buying associations in Belgium. Actually, group buying started with the consumer co-operatives that first came into being about the middle of the 19th century.

Co-operative associations have long been influential in Belgium and the main political parties have played an important role in developing some of them. They take a variety of forms: in addition to consumer co-operatives, there are co-operatives for the construction of homes, insurance co-operatives and co-operatives for savings and credit, to mention only a few.

Consumer Co-operatives in Lead

Consumer co-operatives began in the villages and towns throughout the country. Each was independent of the other and served only the community in which it was located. Because of the importance of bread in the Belgian diet, bakery shops were the first to be opened or taken over by the co-operatives. Afterwards came the setting up of grocery and other types of stores.

In 1900 the first national federation of co-operatives was formed, grouping a number of local co-operatives and centralizing the purchasing for all these organizations. It was called the Fédération des Sociétés Coopératives Belges.

In 1924, the Société Générale Coopérative, (S.G.C.) was established and took over the activities of the Fédération des Sociétés Coopératives Belges. The S.G.C. has its headquarters at 17-21 Place Emile Vandervelde, Brussels, and groups about 37 different buyers' co-operatives with a total of more than 1,350 stores—grocery and general stores, shoe stores, butcher shops, bakeries, drug stores and others. As a general rule, the S.G.C. does not store the goods it buys for its members. Instead, these goods, which are either purchased from domestic manufacturers or imported from abroad, are delivered directly to the warehouses of its member co-operative societies. The S.G.C. has made arrangements with certain manufacturers whereby goods meeting its specifications are sold in its member shops under the label "COOP".

Other Buyers' Co-operatives

The Fédération Nationale des Coopératives Chrétiennes (F.N.C.C.), 127 rue de la Loi, Brussels, is the central organization for 26 regional co-operatives. The F.N.C.C.'s consumer co-operative section is directed by a service known as the "BIEN ETRE". The BIEN ETRE has 1,250 grocery and general stores which in 1956/57 had a turnover of 1.6 billion francs. It also has arrangements with manufacturers whereby certain goods are sold in its stores under the label "BIEN ETRE".

A third buyers' co-operative, the "Fédérale de Belgique", 83-85 rue Vanderschrick, Brussels, was formed in 1890. This association groups 59 stores whose customers are made up of government, provincial and municipal employees. Here again grocery and general stores are included.

In 1890, the Boerenbond Belge, (Belgian Farmers' Union), 24 rue des Recollets, Louvain, was formed. This association has a purchasing department which buys for its members located on farms throughout the country. It is interested chiefly in animal feeds, fertilizers, seeds and plants.

The independent retail grocery trade has a central buying association called Centrale Commerciale des Epiciers, (CENKO), 1680 chaussée de Wavre, Auderghem-Brussels, which buys for 16 regional associations composed of independent grocers in all parts of the country. CENKO has an annual turnover of over one billion francs.

Other wholesale and retail grocers have formed the following central buying organizations:

CENTRA, 43 St. Kathelijnestraat, Malines, which buys for five wholesalers and 4,000 retail stores.

LIDO, 13 Depretlaan, Antwerp, which buys for ten wholesalers and 4,000 retail stores.

POUR VOUS, 4 rue d'Artois, Brussels, which buys for 14 wholesalers and about 2,500 retail stores.

SPAR, 236 rue Lamorinière, Antwerp, which buys for 11 wholesalers and 1,500 retail stores.

VIVO, 9 avenue Baudouin, Brussels, which buys for five wholesalers and 500 retail stores.

UDA, 1-7 rue Ad. Lavallee, Brussels, which buys for five wholesalers and about 550 retailers.

Another large buyer of food products is the firm of Adolphe Delhaize & Co., 53 rue Osseghem, Brussels, the big Belgian independent chain store which operates 1,873 grocery stores.

Belgian dealers in electrical equipment also have their buyers' associations. The most important of these is MEGA, 32-34 rue Nationale, Antwerp. MEGA has several hundred members for whom it purchases and, in addition, represents a German refrigerator manufacturer and imports these refrigerators for sale in the northern part of the country.

Listed below are a number of smaller Belgian buyers' associations:

SMALLER BELGIAN ASSOCIATIONS OF BUYERS

For Bakery and Pastry Stores

S.C. Maison des Patrons Boulangers de Belgique,
147 rue Delaunoy,
Brussels.

Bloemmolens en Grote Bakkerij der Verenigde Bakkers, s.v.,
Brugstraat, 8-14,
Antwerp.

CO.BO.PA., S.C., (Coopérative des Boulangers-Pâtissiers),
8 rue Oscar Remy,
Liège.

For Butcher Shops

Covian, S.C.,
11-13 rue des Croisiers,
Liège.

Electrical Equipment

A.C.E.N., Achat en Commun des Electriciens Namurois, S.C.,
17 rue du Pépin,
Namur.

Union des Patrons Electriciens, S.C.,
20 rue Darchis,
Liège.

Hairdressers' Supplies

Union des Coiffeurs,
9 rue Saint-Denis,
Liège.

Commerciale des Patrons Coiffeurs,
18 rue de la Clef,
Mons.

A.M.C.K.,
Congresstraat, 3,
Antwerp.

Pharmaceuticals

Société Pharmaceutique A.S.M.A.,
19-21 Rodestraat,
Antwerp.

La Centrale Pharmaceutique, S.C.,
39 rue Ferrer,
La Louvière.

Laboratoires de Pharmacie Legia, S.C.,
10 rue des Croisiers,
Liège.

Union Pharmaceutique du Hainaut, S.C.,
2 rue Fétis,
Mons.

Union Pharmaceutique Vervia, S.C.,
27 rue Peltzer de Clermont,
Verviers.

Shoes

La Chaussure,
79 rue de Heusy,
Verviers.

Textiles

Codatex, S.C.,
98 rue St. Bernard,
Brussels.

Paint Products

"Coloris", S.C.,
85 Van Luppenstraat,
Antwerp.

Les Patrons Peintres Fédérés de Belgique, "P.P.E.B.",
20 rue d'Idalie,
Brussels.

Canadian exporters catering to the grocery trade who are not already represented in Belgium would be well advised to get in touch with any of the associations listed above that buy food products. Canadian manufacturers of electrical equipment might put Mega's name on their mailing list.

Exporters who would like to have a list of the main Belgian department stores should write to the Editor, "Foreign Trade", Department of Trade and Commerce.

Accommodation for Brussels Fair

Canadian businessmen who intend to visit the Brussels World's Fair this year are advised to make their hotel reservations as soon as possible. The Fair expects 30 million visitors and this will place considerable strain on available hotel accommodation in Brussels. Certain travel and transportation agencies have taken blocks of space for the benefit of their clients. Canadian visitors requiring hotel accommodation should therefore request the travel agency or transportation company to secure and confirm reservations before they leave Canada.

Commodity Notes

Aircraft

UNITED KINGDOM—Exports of the United Kingdom's aircraft industry in 1957 totalled £116.4 million, an increase of 11.5 per cent over the £104.5 million of 1956, which itself was 56 per cent higher than in 1955. Since the war, exports of the British aircraft industry have totalled more than £650 million; the sale of aero-engines alone accounted for £167 million.

Principal overseas customers in 1957 were India (almost £11 million worth of aircraft and parts), the Netherlands (£6 million), Sweden (£5.6 million), the United States (£5.1 million), Canada (£3.9 million), France (£3.1 million), and Israel (£3 million)—London.

Aluminum Products

AUSTRALIA—A $1 million expansion program has been announced by Hunter Douglas Pty. Ltd., manufacturers of aluminum products. The company's plant in Sydney was opened only 18 months ago but is already too small for the range of aluminum products developed by its research staff, including dirt-resistant fabric woven from aluminum and nylon—Sydney.

Automobiles

JAPAN—According to a recent announcement by the Japan Automobile Industry Association, Japan produced 181,443 motor vehicles in 1957, an increase of 63.7 per cent over 1956, and the highest in any year to date. The Association attributes it to increased demand from small and medium-sized enterprises for motor vehicles, particularly small, lightweight trucks. Production figures for 1957 are as follows: passenger cars (47,045), standard-size trucks (46,277), small-size trucks (80,083), buses (8,038)—Tokyo.

UNITED KINGDOM—Production of cars reached a record 860,842 in 1957, compared with 707,594 in 1956. Exports also established a new record of 426,272, compared with 398,000 in 1950. The United States was the best market last year for British cars, buying over 94,000—about two and one-half times the number imported in 1956. Similarly, exports to Canada in 1957 increased by 40 per cent over 1956—London.

Cardboard

SWEDEN—Spanish producers are now planning to pack their oranges in cardboard cartons instead of wooden boxes and are buying large amounts of corrugated cardboard from Sweden for this purpose. Spanish orange producers have placed a trial order in Sweden for 2.6 million cartons. If they decide to adopt this type of packing exclusively, Swedish exports worth 82 million kronor a year are expected. The cartons, which weigh only 15 kilos, are lighter and easier to handle than wooden boxes—Stockholm.

Cement

BRAZIL—Expansion of the national cement industry has gone ahead so rapidly that Brazil is now almost self-sufficient. In 1950 imports totalled 394,150 tons, or 22.4 per cent of domestic requirements. Imports in 1952 amounted to 812 thousand tons or 34 per cent and in 1953, to 981 thousand tons or 33 per cent. But by 1956, imports had fallen to only 30,000 tons, less than 1 per cent of domestic requirements —Rio de Janeiro.

Coal

AUSTRALIA—Mainly because of orders from Japan, New Caledonia and Korea, Australia's coal exports for 1957 were the highest in 30 years. Last year's exports of 765 thousand tons (550 thousand tons of which came from Newcastle, N.S.W.) are expected to be equalled in 1958.

Five N.S.W. collieries, faced with a diminishing demand from their main domestic customer, the N.S.W. Government Railways, have formed an export group to ensure enough tonnage for overseas shipments. By banding together, they are in a position to tender jointly for the supply of coal to foreign customers. With the Australian market shrinking, export seems the only solution. Group organization also makes it possible to offer long-term contracts.

Since being formed in mid-October 1957, the group has exported 25,000 tons, and a further 10,000 tons are to be shipped shortly—Sydney.

Cotton

MEXICO—A statement just issued by the Confederation of Cotton Producers in Mexico claims that the country will have 670 thousand bales of cotton available for export during the remainder of the July 1957/58 crop year. The figure is reached by adding this year's production of 2.14 million bales to the carryover of 60,000 bales, subtracting the exports for the first six months of the crop year (1.05 million bales), and allowing 480 thousand bales as the estimated domestic consumption for the whole twelve months—Mexico City.

UGANDA—A £1 million deal in cotton has been concluded with Mainland China, the first since the Communist Government came to power. The order totalled 17,600 bales, and there is a reasonable prospect of further business with China which needs the long-staple type of cotton in which Uganda specializes. The new crop began coming in in January, and there is every indication that the former record of 400 thousand bales will be topped; with luck it may even reach the 450-thousand mark —Salisbury.

Emeralds

SOUTHERN RHODESIA—High-quality emeralds, the first to be found in Southern Rhodesia, have been discovered in the Belingwe Native Reserve. An area of 500 square miles has been fenced by the Government and placed under police protection. No mining and no marketing of the stones will be permitted until, if necessary, a government marketing organization is set up. No prospecting of any kind may take place in the reserved area and it is an offence to export any uncut emerald, except under licence of the Federal Minister of Finance. These steps have been taken so that the world emerald market will not be disturbed by fears that the Southern Rhodesia gems will be sold otherwise than under strict government control. The discovery is being evaluated, and further actions of the Government will depend upon the results. How long this may take remains uncertain—Salisbury.

Fish and Chips

UNITED KINGDOM—The latest dollar-earner for the United Kingdom is one of England's national dishes—fish and chips. Double portions of three ounces of filleted fish and three ounces of chips are quick-frozen by two factories in Grimsby and Hull, wrapped in aluminum containers, and placed in waxed cartons. Shipments have been made to Cyprus, Gibraltar, Africa, Singapore and Canada and it is hoped to extend the trade to the United States and other countries—London.

Iron Ore

FINLAND—Large deposits of iron ore have been discovered in the Kolario district of northern Finland. The deposits contain between 30 and 40 per cent iron and are considered to be well worth mining. The main problem is transporting the ore to harbours in the Bothnian Gulf. Because the building of a railway for this purpose would cost 3.8 billion marks, it is proposed that Swedish authorities might be interested in co-operating in the project. Deposits on the Swedish side of the border could then also be mined and shipped on the new railway—Stockholm.

LUXEMBOURG—Iron ore production in the European Coal and Steel Community countries reached a record of 87.4 million metric tons in 1957, a rise of 8.4 per cent. Output in France, the Community's chief producer, accounted for most of the increase: it amounted to almost 10 per cent over 1956—Brussels.

Leather

IRELAND—Exports of dressed and undressed leather were valued at £1.3 million in the eleven months from January to November 1957, an increase of just over £214 thousand compared with the same period of 1956. Britain continues to be the chief market. However, one firm (Eblana Tanneries Ltd. Dublin) recently sent its first air consignment of chamois leather to Holland where a demand has developed for certain types of Irish leather. Further air shipments to Holland are expected to follow—Dublin.

Manganese

AUSTRALIA—The Federal Government's success in encouraging prospecting for metallurgical-grade manganese is shown in a 36 per cent increase in manganese ore reserves in the past 18 months. Reserves now total almost 750 thousand tons. To stimulate prospecting for additional deposits, the Government relaxed the total ban on the export of manganese in June 1956. In 1957, additional reserves of almost 140 thousand tons were discovered and 16,676 tons of ore worth $700 thousand were exported—Sydney.

Mechanical Pulp

SWEDEN—The market for mechanical pulp deteriorated in 1957, and it is estimated that exports

decreased to approximately 120 thousand tons. However, because of increased consumption of newsprint on the domestic market, production rose to about 960 thousand tons. It will probably continue to rise in 1958, though no increase in exports is expected. Prices fell in 1957 and estimates for 1958 indicate a continued decrease in average prices—Stockholm.

Petroleum Products

TAIWAN—A ten-year contract was signed recently in Taipei between an Australian petroleum company and the government-owned Chinese Petroleum Corporation, which provides for the sale of gasoline and other petroleum products from Taiwan. Reports from Taipei indicate that between six and seven million gallons of petroleum products will move to Queensland during the first year of the contract; trade is expected to increase in the following years.

The Chinese Petroleum Corporation imports crude oil from the Middle East and refines it in the Kaoshuing refinery which now produces some 15 million gallons of automobile gasoline every year—Hong Kong.

Records

UNITED KINGDOM—The production of gramophone records in the United Kingdom reached a postwar peak in 1957. Records cut totalled 78.3 million, compared with 66.5 million in 1956. Manufacturers' sales were valued at £14.1 million before purchase tax, an increase of £2.9 million, or 26 per cent, over 1956. About 25 per cent of total sales were exported —London.

Tallow Wood

AUSTRALIA—As a result of a trial shipment of tallow wood to the United States in 1957, the largest quantity ever exported is on its way to North America. The total shipment of 50,000 super ft., grown in Northern N.S.W., is worth over $10,000 and will be used mainly for ships' keels and repairs on the West Coast of the U.S. and Canada.

Tallow wood, indigenous to Australia, has been found superior to steel for ships: it cannot be holed by ice-packs nor affected by sub-zero temperatures —Sydney.

Television Sets

AUSTRALIA—Television sets are being produced in Australia at the rate of 250 thousand a year by 23 different firms. Current demand, which is between 180 thousand and 200 thousand sets a year, is expected to rise to nearly 300 thousand by 1959. Production costs and prices of some units have fallen recently, and in the near future are expected to remain steady or decline slightly. Production of radios has fallen 17 per cent in the last year, though the introduction of television has not had the expected adverse effect on sales—Sydney.

Totalisators

AUSTRALIA—Automatic betting machines (totalisators) have become a major dollar-earner for Australia. The latest consignment of this equipment, part of a $2 million deal, has been shipped to the United States for transhipment to Caracas, Venezuela. Totalisators have now been sent to 17 overseas countries, including Canada—Sydney.

Wallboard

SWEDEN—Wallboard production in 1957 increased 13 per cent to a total of 508 thousand metric tons. All of the 13 per cent increase was sold abroad and exports totalled 344 thousand tons, compared with 300 thousand in 1956. Exports to the United Kingdom increased 25 per cent to a record 132 thousand tons. Sales to the Netherlands went up 4,000 tons to 39,000, and sales to West Germany increased 10,000 tons to 28,000. Wallboard prices fluctuated only slightly during 1957—Stockholm.

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often, Canadian businessmen fail to take full advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

AUSTRALIA*

the country
the industries
the market

★as seen through the eyes of T. G. Major, Commercial Counsellor at Melbourne, now on a business tour of Canada.

AUSTRALIA has what is probably one of the most rapidly expanding economies in the world. With a growing population, now over nine million, new industries getting under way and old ones being enlarged, new developments in the mining field and an agriculture alive to improved methods of production, the country presents a potentially attractive market for goods from abroad. Unfortunately, recurrent balance-of-payments difficulties (which have been dealt with by selective restrictions on imports), coupled with a growing demand for protection by local industry, serve as a brake on import trade. Canadian exporters to Australia face the additional handicap of discriminatory restrictions against dollar imports. Recently, the foreign trade policy of the Australian Government has been directed towards maintenance and development of markets for the products of both primary and secondary industry by means of bilateral agreements, of which those with the United Kingdom and Japan are the most notable.

Climate Governs Development

The Commonwealth comprises a mainland divided into five states and the island state of Tasmania. In addition, there is the federally controlled Northern Territory and the island dependencies. In all, the country covers almost three million square miles, with the population concentrated mainly in the east and southeast coastal belts, in Tasmania, and in the southwest corner of Western Australia. About 54 per cent of the population lives in metropolitan areas, a further 25 per cent in the smaller cities and towns, and only about 21 per cent in rural areas.

Population distribution and agricultural and industria development are governed largely by climate, with rainfall the most important factor. Most of the rain falls in the east and southeast, the extreme southwes and north, and in Tasmania. The remainder of the country is dry and a large proportion of it is suitable only for livestock raising. In general, the climate is moderate, except for the tropical north and mountainous regions of the southeast and Tasmania, which are snow-covered in the winter months. It is these east coast mountains and those in Tasmania that supply water for the great urban centres, for hydroelectric power and for irrigation. Throughout the continent these sources are supplemented by deep artesian wells, but the water from these often has a relatively high salt content.

Agriculture Still Leads

Although industrial development has been marked in recent years, Australia remains primarily an agricultural country and the production of sheep, cattle and wheat provide the basis of the economy. The annual livestock census taken in March 1957 gave the numbers of sheep as 149.6 million, of beef cattle about 12 million, and dairy cattle 5.1 million. Wool production in 1956-57 reached a total of 1,565 million pounds.

Wheat remains the principal crop grown in Australia though the area devoted to it has decreased in recent years. The 1956-57 crop totalled only 95 million bushels, compared with 195.4 million bushels in 1955-56, as a result of a serious drought in New South

T. GRANT MAJOR, Commercial Counsellor in Melbourne, Australia, for the past year, has returned to Canada for leave and to make a tour of business centres throughout the country. Mr. Major begins this tour on April 8 in Vancouver and is looking forward to discussing with Canadian businessmen current conditions in the Australian market and the possible trade opportunities for Canadians. Details of his itinerary are published on page 28 of this issue.

Mr. Major worked with the Department of Trade and Commerce from 1935 to 1945 as Chief of the Vegetable Products Section, the Foods Division, and the B.W.I. Shipping Division; he then transferred to the Trade Commissioner Service. His first foreign posting was as Trade Commissioner in Port-of-Spain, Trinidad, where he remained until 1952. He then was sent to Dublin, Ireland, as Commercial Counsellor and last year was transferred to Melbourne.

Wales and Queensland. Other grain crops include barley, oats and corn.

Rice is becoming important in the Murray River irrigation region. Sugar cane for crushing, flax for fibre and linseed, tobacco, hops, peanuts, sunflower seed, canary seed, millet and cotton are the principal industrial crops. Apples, pears, peaches, citrus, and grapes for wine and drying are the main fruits raised. A wide range of vegetables is grown for human consumption, with potatoes the largest single crop. In terms of fresh meat, a total of 1.25 million tons of all kinds of meat was produced in 1956-57.

These few facts give only a vague idea of the variety of Australian farming, including the general farms of Victoria, the apple and pear orchards of Tasmania, the wheat and sheep lands that sweep in a great arc from Queensland through New South Wales and Victoria into South Australia, the cattle and sheep stations in the interior and the north, the vineyards of the Murray and Hunter Rivers, the grain and sheep farms of Western Australia, and the tropical crops of Queensland. All these products of rural industry contributed £A1,181.3 million to the Australian national income in the year ended June 1957.

Non-rural primary production includes such minerals as iron, uranium, copper, lead, zinc, manganese, rutile, zircon, gold, coal, dolomite, feldspar, gypsum, magnesite, mica, salt, silica and sulphur, with a total value of close to £175 million.

Foreign Capital Builds New Plants

Manufacturing industry has expanded from 34,768 factories in 1946-47 to 52,406 in 1955-56 and output was valued at over £A3,500 million last year. Salaries and wages paid rose from £A106.7 million to £A1,060.5 million during the same period. Most of this industrial development is concentrated in the regions around Sydney and Melbourne, with the greatest expansion taking place in the latter. The variety of products manufactured in Australia is widening all the time, mainly as the result of capital investment and technology from abroad. Since 1945, overseas companies have invested some £A650 million in Australia and much of this has gone into manufacturing industries. Close to 65 per cent of this foreign investment has come from the United Kingdom but recently the inflow of capital from the United States has increased. This industrial capital has gone into iron and steel, non-ferrous metals, pulp and paper, chemicals, pharmaceuticals, cosmetics, tractors and earthmoving equipment, motor vehicles, electronics, textiles and cordage, light engineering products and shipbuilding. The last year has seen a falling off in plant expansion, with more investment going into improved methods of production.

Main Markets and Suppliers

In 1956-57, exports to all countries had a total value of £A995.4 million and imports into Australia were valued at £A719.1 million. Of the exports, 28 per cent went to the United Kingdom, with Japan, France, the United States, Italy, New Zealand, West Germany and Belgium coming next in importance. About 41 per cent of imports came from the United Kingdom; the other main suppliers were the United States, West Germany, Indonesia, India and Canada. Almost 80 per cent of Australian exports by value are derived from rural industry, with wool, wheat and wheat flour, sugar and meats heading the list. Other items include steel in various forms, zinc, lead, rutile, farm and other machinery, beef tallow, whale oil and casein. Metals and metal manufactures, machinery, textiles and furs, pulp and paper, chemicals and other materials for Australian industry comprise the bulk of imports. From Canada come newsprint, wood pulp, timber, tobacco, steel, automobiles and parts, etc., and to Canada go sugar, dried fruits, wines, wool, beef, lamb and mutton, canned beef and canned fruits.

Import Restrictions Remain

There was a substantial degree of import liberalization in Australia commencing in January 1957, with further

relaxation in April culminating in a procedural change in August, which made the licensing procedure more flexible and equitable. However, on December 1st the Government announced that no further general changes were contemplated for the time being. There may be a period of uncertainty in business and trade in Australia in 1958, but informed opinion indicates that this will be only a temporary check to Australia's long-range economic growth.

Imports into Australia from Canada are expected to follow the pattern of recent years and to be confined mainly to raw materials, components and other essential goods. Australia offers favourable prospects for capital investment, both domestic and foreign, and with a slackening in activity in the industrial sector it will be possible for the Government to proceed with plans to improve basic services, including transportation, irrigation, power and water conservation projects.

Advice to the Exporter

The usual shipping documents required for exports to Australia are:

1. Commercial invoice.
2. Certified customs invoice in the standard form required by the Australian Customs authorities.
3. Marine insurance policy or certificate.
4. Bills of lading.

The Bill of Exchange drawn by the exporter on the importer and accompanied by shipping documents is the usual means for settling payment. The bill is usually drawn in the currency of the country of export. To eliminate the exporter's financial risk, establishment of a banker's commercial letter of credit may be required.

The Commonwealth Government has power to compel the placing of a proper description on prescribed goods (or on packages containing them) when imported into the country. Australia is a party to the international convention for the protection of industrial property, and trade mark regulations in force include provision for the registration of "Commonwealth Trade Mark".

Airmail should be used for all correspondence because surface mail from Canada takes from six weeks to 2½ months to reach Australia.

The majority of Canadian goods enter Australia at British Preferential Tariff rates. A few items are accorded either Most-Favoured-Nation tariff treatment or are dutiable at rates intermediate between the British Preferential and the Most-Favoured-Nation tariff. In addition to the customs tariff, primage duty is imposed on a few products. •

Greece to Develop Lignite Deposits

THE vast lignite deposits at Ptolemais in north western Greece, which contain some 600 millio metric tons, may become a source of low-cos fuel for Greek industry and have the far-reachin effect of placing her industrial plants on a mor economic and competitive footing. If preser plans are carried through, the Greek Minin and Industrial Company will spend the equivalen of $21 million, mainly for open-pit mining equip ment, a plant to dry the fuel and make briquettes a semi-coking installation and a thermoelectri plant.

To help provide a market for a minimum outpu of 1.8 million tons of lignite for the first yea of operation, the Public Power Corporation wi buy at least 900 thousand tons to supply fue for a new thermoelectric plant now under con struction. The plant will produce 70,000 kw. o electricity and will cost $12 million to build The mining company will use 200-250 thousan tons a year to supply its own thermoelectric plan which will also furnish steam for convertin lignite into briquettes.

The German firm of Krupp has agreed to provid technical know-how as well as much neede equipment (under German credits) for the lignit plants and possibly for some of the other indus tries which may be attracted to the region. Al of the mechanical equipment for the propose project will come from West Germany and repre sents about 70 per cent of the estimated cos to get it operating. The company plans to spen the equivalent of $8.13 million on the open-pit mining phase, $4.71 million for the drying plan and briquette factory, $1.52 million for th semi-coke installation and $4.89 million for th thermoelectric plant.

The quality of the lignite found in the Ptolemai is of two grades. Grade A contains 14 to 1 per cent carbon and 20 to 22 per cent volatile and produces 1,800 to 2,100 calories per kilo the corresponding figures for Grade B are 11 t 12 per cent carbon, 16 to 20 per cent volatiles and 1,350 to 1,750 calories per kilo. The poore Grade B will be used for production of elec tricity; Grade A will be converted into lignit briquettes and semi-coke. With added processing the company hopes to step up the caloric valu of the Grade A lignite to 5,400 calories per kilo thus making it suitable as a reducing agent fo the nickel ores now being processed at Larymna

—A. B. BRODIE,
Commercial Secretary, Athens

Transportation Notes

Australia

GLOBAL AIR SERVICE—Qantas, Australia's international airline, has become the first airline to have direct round-the-world flights. The service was inaugurated January 14 as the result of an aviation agreement between the Australian and United States Governments which for the first time made it possible for Qantas planes to transport their passengers across the United States.

Qantas has also announced a capital investment program of almost $15 million at Kingsford Smith airport in Sydney, for facilities to look after the maintenance of new jet aircraft scheduled for delivery next year—Sydney.

PASSENGER FARES CUT—In a bid for new traffic on services from Australia to the United Kingdom and Mediterranean ports via Suez, fare concessions have been announced by the P. & O. and Orient Shipping Lines. The cheapest single tourist fare to England during the off season will now be £120. Off-season tourist and one-class fares, first-class single tickets, and return tickets issued at certain times of the year have also been substantially reduced—Sydney.

Canada

NEW SHIPPING SERVICE—Johnson, Walton Steamships Ltd., Marine Bldg., Vancouver, B.C., recently announced the establishment of a new liner service from British Columbia to Australia and New Zealand, with regular bimonthly sailings. The service, operated by Deutsches Seefrachtenkontor G.m.b.h. of Hamburg, Germany, is known as the Seekontor Line. The first ship, the M. V. *Gustav Pistor* (or substitute) was scheduled to leave Vancouver in the second half of February. Principal ports of call are Melbourne, Sydney and Adelaide in Australia and Auckland, New Zealand, plus other ports, subject to inducement.

GREAT LAKES SHIPPING—Last year, Canadian Pacific Steamships inaugurated a new service between London and Great Lakes ports. This year the service will be extended with the addition of two vessels, bringing to four the number of Canadian Pacific ships operating into the Great Lakes.

It is expected that last year's vessels will ply to and from London, and the other two ships to and from Liverpool. Calls may be made at Continental ports such as Antwerp, Le Havre, Rotterdam, etc., if traffic is sufficient.

The S.S. *Otto Nuebel* will open the London service, sailing from London about April 5, and the Liverpool service will begin with the departure of the S.S. *Dammtor* from Liverpool on March 26—Montreal.

Denmark

HUNGARY-DENMARK AIR SERVICE—In January 1958, the Hungarian Air Corporation MALEV opened a new service between Budapest and Copenhagen. This is the fifth East European airline to operate to Copenhagen; the others are the U.S.S.R. Aeroflot, the Polish LOT, the Czech CSA, and the Rumanian TAROM. The new concession has been granted to the Hungarian Air Corporation for six months, to carry passengers and freight to and from Copenhagen. The negotiations did not involve any reciprocal provisions—Copenhagen.

India

BOMBAY HANDLES RECORD CARGO—Cargo handled at the docks and bunders of the Bombay Port Trust during 1956-57 weighed a record 11.98 million tons d.w. The volume of imports rose from 2.36 million tons in 1955-56 to 3.53 million tons. The total number of passengers, excluding those carried by country-craft and harbour ferries, was, however, down to 914 thousand against 934 thousand in the previous year—Bombay.

NEW SHIPPING LINE TO U.S.—The Government of India has given permission to a new shipping company, the Indian Overseas Shipping Co. Ltd., to operate a direct service between India and the United States. Operations are expected to begin in about three months.

The authorized capital of the company is Rs.6 crores ($12 million), and the directors of the Indian Overseas Shipping Co. Ltd. propose to issue shares worth Rs.1.5 crores initially. The managing director, Mr. S. N. Haji, stated that plans included purchase of four ships of 10,000 tons, each with a speed of 17 knots. Although these could be new ships, the directors feel that depressed prices make purchase of second-hand ships particularly advantageous—Bombay.

Mainland China

AIR ROUTES EXPANDED—According to Radio Peking, China now has 29 air routes in operation throughout the mainland. These routes connect 38 principal Chinese cities and cover approximately 26,000 kilometres. China is seeking to expand air services vitally needed in such a vast country, with its limited road and rail facilities. To assist in the expansion, a new civil airport is being built in Peking. The first section will be opened to air traffic this spring, according to the Civil Aviation Administration—Hong Kong.

Singapore

PORT FACILITIES TO BE DEVELOPED—The first stage in port and dock development costing about M$7 million (C$2.3 million) will begin some time in 1958, according to a recent statement made by the Chairman of the Singapore Harbour Board. Three additional deep-ocean berths will be added, two for cargo vessels and one for passenger liners. The latter will be able to berth the largest ocean-going liner. The scheme is expected to take two to three years to complete—Singapore.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

R. W. BLAKE, formerly Trade Commissioner in Port-of-Spain, Trinidad:

Montreal—April 21-25
Halifax—April 28-30
St. John's—May 1-2
Charlottetown—May 5-6
Saint John—May 7
Fredericton—May 8
Toronto—May 12-16
Hamilton—May 20
Brantford—May 21
Guelph and district—May 22
St. Catharines—May 23

Mr. Blake's western tour will be announced later.

T. G. MAJOR, Commercial Counsellor in Melbourne, Australia:

Vancouver—April 8-15
Victoria—April 16
Regina—April 22
Winnipeg—April 24-25

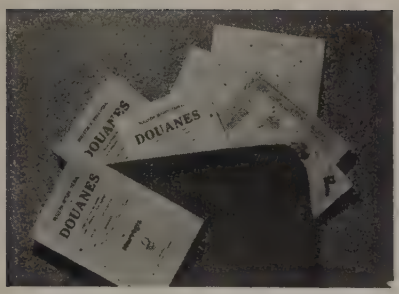
Mr. Major's eastern tour will be announced later.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto and Winnipeg, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tour of Territory

W. J. COLLETT, Assistant Trade Commissioner in Bombay, India, will visit Secunderabad, Madras, Bangalore and Mysore from April 16 to May 2.

Businessmen who would like Mr. Collett to undertake assignments should write to him at his office in Bombay as soon as possible.



Trade and Tariff Regulations

reland

MPORT CONTROLS—By two Orders of the Gov-rnment of the Republic of Ireland, issued under the Control of Imports Acts 1934 and 1937, further quotas and quota periods have been announced as ollows:

Hose (other than half-hose) made wholly or partly of ilk or artificial silk: 570 thousand pairs for the period March 1, 1958, to February 28, 1959. Quota unchanged rom previous twelve months' period.

Certain woven fabrics of wool or worsted or synthetic or rtificial textile: 1.8 million square yards for the period March 1, 1958, to February 28, 1959, as against 2 million quare yards for previous twelve months' period.

MPORT CONTROLS—By two Orders of the Government of the Republic of Ireland issued under he Control of Imports Acts, 1934 and 1937, further quotas and quota periods have been announced as ollows:

Certain brushes, brooms and mops: 50,000 articles. Quota unchanged from previous twelve months' period.

Certain laminated springs and component parts: £2,000 vorth, as against a similar quantity for previous twelve nonths' period.

In all of the above cases, the quota period extends from April 1, 1958, to March 31, 1959—Dublin, March 10.

South Africa

TARIFF ON NYLON STOCKINGS—The South African Board of Trade and Industries has received epresentations for an increase in duty on ladies' ylon stockings by 20 per cent ad valorem in all hree columns of the tariff.

Currently, the rates of duty on ladies' nylon tockings entering the Union of South Africa are: ninimum tariff, 10 per cent ad valorem; intermediate ariff, 15 per cent ad valorem; and maximum duty, 0 per cent ad valorem. In addition to these duties here is a suspended duty (not yet in force) of 10 er cent ad valorem. The minimum tariff on this em is applicable to Canada, United Kingdom and Eire; the intermediate tariff applies to countries enjoying most-favoured-nation treatment.

Canadian firms exporting these goods to South Africa may wish to have their views on the tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

United States

TARIFF HEARINGS ON WOOD AND PAPER—The United States Tariff Commission has announced public hearings, beginning April 10, 1958, on Schedule 2 (Wood and Cork and Products Thereof; Paper and Paper Products) and Schedule 8 (Special Classification Provisions) of its tentative revision and consolidation of the laws under which imported articles are classified for tariff purposes.

Hearings have been held on Schedule 1 (Animal and Vegetable Products) and Schedule 4 (Chemicals and Related Products). Notice of these hearings was given in previous issues of *Foreign Trade*.

TARIFF COMMISSION INVESTIGATION ON TUNGSTEN—On February 28, 1958, the United States Tariff Commission dismissed its investigation of tungsten ores and concentrates, notice of which was reported in *Foreign Trade* of September 28, 1957. This investigation was instituted in compliance with a Senate Resolution last August to investigate the differences in the cost of production between U.S.-produced and foreign-produced tungsten ores and concentrates.

The Commission concluded that, owing to the highly abnormal and extraordinary developments which have affected the tungsten industry of all Free World countries since 1950, it was impossible at this time to obtain information on either foreign or U.S. production costs that would be representative of normal operations. Accordingly, the Commission discontinued and dismissed the investigation.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02465.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 17	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05422	18.44	(1)
		Free	.02585	38.68	
Austria	Schilling		.03754	26.64	
Australia	Pound		2.1993	.4547	
Belgium, Belgian Empire and Luxembourg	Franc		.01953	51.13	
Bolivia	Boliviano	Free	.0001100	9090.9	
British West Indies	Dollar		.5727	1.75	(2)
	Pound		2.7490	.3638	(3)
British Honduras	Dollar		.6872	1.46	
Brazil	Cruzeiro	General Category*	.007297	137.04	*Feb. 12 (4)
		Special Category	.003312	301.88	
		Official buying	.05316	18.81	
Burma	Kyat		.2049	4.88	
Ceylon	Rupee		.2062	4.85	
Chile	Peso	Free	.001439	694.92	(5)
Colombia	Peso	Certificate	.1599	6.25	
Costa Rica	Colon	Official	.1738	5.75	
		Controlled free	.1471	6.80	
Cuba	Peso		.9759	1.02	tax 2%
Czechoslovakia	Koruna		.1355	7.38	
Denmark	Krone		.1413	7.08	
Dominican Republic	Peso		.9759	1.02	
Ecuador	Sucre	Official	.06507	15.37	
		Free	.05984	16.71	
Egypt	Pound	Official	2.8025	.3568	(6)
El Salvador	Colon		.3904	2.56	
Fiji	Pound		2.4766	.4038	
Finland	Markka		.003050	327.87	
France, Monaco and North Africa	Franc		.002324	430.29	(7)
French colonies in Africa	Franc		.004648	215.15	(8)
French Pacific	Franc		.01278	78.25	(9)
Germany	D Mark		.2323	4.30	
Ghana	Pound		2.7491	.3638	
Greece	Drachma		.03253	30.74	
Guatemala	Quetzal		.9759	1.02	
Haiti	Gourde		.1952	5.12	
Honduras	Lempira		.4880	2.05	
Hong Kong	Dollar	Free*	.1669	5.99	*March 7
		Official	.1718	5.82	
Iceland	Krona	Official	.05993	16.69	(6)
India	Rupee		.2062	4.85	
Indonesia	Rupiah	Effective buying	.03592	27.84	Feb. 28 (6)
		Effective selling	.02873	34.81	
Iran	Rial	Certificate	.01288	77.62	
Iraq	Dinar		2.7326	.3660	
Ireland	Pound		2.7491	.3638	
Israel	Pound		.5422	1.84	

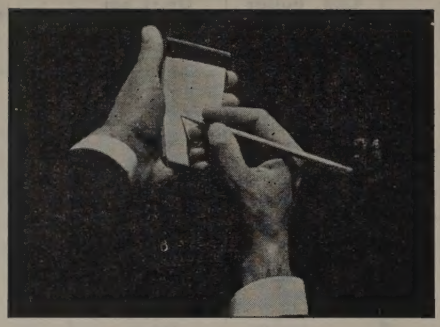
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 17	Units per Canadian dollar	Notes (see below)
Italy	Lira		.001567	638.16	
Japan	Yen		.002711	368.87	
Lebanon	Pound	Free	.3088	3.24	
Mexico	Peso		.07808	12.81	
Netherlands	Florin		.2576	3.88	
Netherlands Antilles	Florin		.5191	1.93	
New Zealand	Pound		2.7491	.3638	
Nicaragua	Cordoba	Effective buying	.1479	6.76	
		Official selling	.1385	7.22	
Norway	Krone		.1366	7.32	
Pakistan	Rupee		.2062	4.85	
Panama	Balboa		.9759	1.02	
Paraguay	Guarani	Official	.008917	112.15	
Peru	Sol	Certificate	.04357	22.95	
Philippines	Peso		.4880	2.05	
Portugal & Colonies	Escudo		.03406	29.36	(11)
Singapore and Malaya	Straits dollar		.3207	3.12	
Spain and Dependencies	Peseta	Controlled free	.02324	43.03	(6)
Sweden	Krona		.1887	5.30	
Switzerland	Franc		.2278	4.38	
Syria	Pound	Free	.2725	3.67	
Thailand	Baht	Free	.04728	21.15	(6)
Turkey	Lira		.3485	2.87	
Union of South Africa	Pound		2.7491	.3638	
United Kingdom	Pound		2.7490625	.363760	
United States	Dollar		.9759375	1.02465	
Uruguay	Peso	Free	.1769	5.65	
		Basic buying	.6451	1.56	
		Principal selling	.4751	2.15	(6)
Venezuela	Bolivar		.2913	3.43	
Yugoslavia	Dinar		.003253	307.41	(6)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Brazil: Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
5. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
6. Additional rates are in effect.
7. France: Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Portugal: approximately same rate for Portuguese Territories in Africa.
11. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports are divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.



General Notes

Argentina

EXPANSION OF PULP AND PAPER MILL—An expansion of the factory operated by Cellulosa Argentina S.A., one of the largest Argentine producers of pulp and paper, will be financed by an Export-Import Bank loan of US$6.5 million. It will be used to begin production of coated paper, to modernize the plant and to improve the electric power system. It will be repaid in ten approximately equal semi-annual instalments, beginning three years after the signature of the agreement—Buenos Aires.

France

FIRST SUPERMARKETS OPENED—The system of distribution in France now appears to be undergoing the same revolution that took place in North America at the end of the first World War. The first supermarket was opened in Paris last year, and this year another one will open its doors. It is expected to contain all food items (including French pastries), all beverages both alcoholic and non-alcoholic, and household maintenance articles; the first one excluded meat and fish. Meat will be sold in prewrapped packages, though there will still be a counter where special cuts may be obtained on order.

Because the car density of France is still comparatively low, these supermarkets will be established in the centre of the chief residential areas, and no parking space will be provided. If these early supermarkets are successful, the management plans to build a chain throughout France; some of them, in the suburbs, will be easily reached by car —Paris.

Rhodesia and Nyasaland

BALANCE OF PAYMENTS—The sharp deterioration in the balance-of-payments position of the Federation, which became very noticeable in the last quarter of 1957, has become the prime consideration of the Government. Preliminary estimates indicate that during the year the country's sterling reserves fell by £47 million—£30 million in the last three months of the year alone. In an effort to "stop the rot", an official announcement was made on January 31st that immediate steps would be taken to cut bank advances and bill finances for imports and that there would be stiffer terms for instalment buying (e.g., the minimum down-payment on stoves and refrigerators has been raised from 25 to 50 per cent and the maximum period of the contract lowered from 18 to 15 months).

The present situation resulted from a number of factors, chief of which are the drastic drop in the world price for copper, the Federation's major export, the rising level of imports, and the high interest rates in the United Kingdom, which has been attracting money from the Federation.

The Federal authorities have gone a long way to remove restrictions on the import of dollar and European goods in the past three years and they do not wish to reimpose prohibitions or quotas if this can be avoided. Canada's exports to the Federation (chief of which are timber, newsprint, automobiles, mining equipment, wheat and fish) have grown steadily, though not spectacularly, over the last three years and the Federal import statistics for the first nine months of 1955, 1956 and 1957, respectively, show purchases from Canada totalling £1,606,575, £1,805,772 and £2,000,128—Salisbury.

Sweden

ENGINEERING INDUSTRIES—Production in Swedish engineering industries increased during 1957, though at a lower rate than in 1956. This drop in the rate of expansion was more noticeable towards the end of the year and varied considerably in the different branches. Results were more favourable for the heavy industries, but the number of orders, particularly from the home market, for most industries is decreasing. In 1957, exports to the United States and Canada rose, but import restrictions in France, India, Argentina and Colombia have had serious results for a number of Swedish engineering companies—Stockholm.

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